

CITY OF TRIPOLI

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

For the Period
July 1, 2019 through June 30, 2020

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City of Tripoli

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brendt Bernard	Mayor	January 2022
Ray Carlson	Mayor Pro-Term	January 2022
Jordan Ladage	Council Member	January 2024
Linda Nilges	Council Member	January 2022
Jordan Shonka	Council Member	January 2022
Gregg Eschweiler	Council Member	January 2024
Ellen Kalkbrenner	City Clerk/ Treasurer	Indefinite
Heather Prendergast	Attorney	Indefinite

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and
Members of the City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Tripoli for the period July 1, 2019 through June 30, 2020, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Tripoli's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2020 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B. and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property of the State of Iowa.
9. I reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

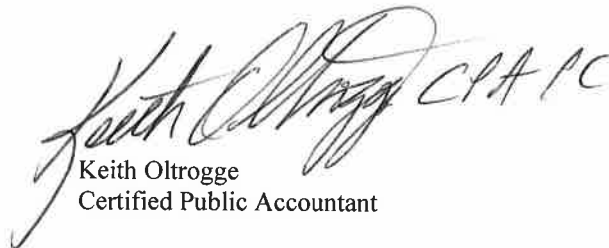
10. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
11. I reviewed voter approved levies for proper authorization in accordance with Chapter 384.12 of the Code of Iowa.
12. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
13. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.
14. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
15. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come attention that would have been reported to you.

The purpose of this report is to report, in accordance with Chapter 11.6 of the code of Iowa, certain agreed-upon procedures and the resulting recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Tripoli during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

December 2, 2020

Detailed Recommendations

City of Tripoli

Detailed Recommendations

For the period July 1, 2019 through June 30, 2020

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- 1) Accounting system – performing all general accounting functions, including journal entries, and having custody of assets.
- 2) Cash – handling, reconciling and recording.
- 3) Investing – recordkeeping, investing, custody of investments and reconciling earnings.
- 4) Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
- 5) Utilities – billing, collecting, depositing, posting, entering rates into the system and maintaining detailed accounts receivable and write-off records.
- 6) Debt – recordkeeping, compliance and debt payment processing.
- 7) Journal entries – preparing and journalizing.
- 8) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- 9) Payroll – entering rates into the system, recordkeeping, preparing, signing and distributing.
- 10) Computer system – performing all general accounting functions and controlling all data input and output.
- 11) Financial reporting – preparing and reconciling.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

(B) Utility Billing Collections – The City did prepare prenumbered receipts for utility bill collections, but did not prepare deposit slips to trace individual utility bills on bank statements.

Recommendation – The City should prepare deposit slips for all collections to be shown on the bank statements.

City of Tripoli

Detailed Recommendations

For the period July 1, 2019 through June 30, 2020

- (C) Annual Financial Report – Beginning balances for the fiscal year 2019 Annual Financial Report (AFR) did not agree with prior year AFR ending balances.

Recommendation – The City should ensure the AFR beginning balances agree with the prior year AFR ending balances.

- (D) Bank Reconciliations – The cash and investment balances in the City's general ledger were not reconciled to bank and investment account balances correctly throughout the year. For the two months reviewed, the book balance exceeded the bank balance by \$16,048. A deposit in September 2019 was recorded twice and was never corrected.

Recommendation – The City should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly and variances, if any, should be reviewed and resolved timely. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly reconciliations.

- (E) Transfer of Funds – Not all transfers were approved by resolution.

Recommendation – The City should approve all transfers by resolution.